

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL ONE)

Docket No. RM2020-6

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-3 OF CHAIRMAN'S INFORMATION REQUEST NO. 1**
(April 16, 2020)

The United States Postal Service hereby provides its responses to the above listed questions of Chairman's Information Request No. 1, issued April 9, 2020. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
eric.p.koetting@usps.gov
April 16, 2020

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. [The Postal Service states that “[t]he proposed change in methodology provides a complete census source of transactional-level data for PC Postage domestic mailpieces and makes appropriate [Automatic Package Verification (APV)] adjustments at the record level. These data are used to form the revenue and volume characteristics needed for [Revenue, Pieces, and Weight] reporting.” Petition, Proposal One at 5.] Please confirm that all parcels are processed on mail processing equipment outfitted with APV scanning capabilities. If not confirmed, please provide the percentage of total parcels and the types of parcels not processed on mail processing equipment outfitted with APV scanning capabilities.

RESPONSE:

Not confirmed. The Postal Service installed in-line scales and scanning equipment on its fleet of large and small parcel sorters, as well as the manual “Scan-Where-You-Band” work area for air parcels that cannot be processed on sorting equipment. Some parcels do bypass these operations. The percentage of parcels that bypass Automated Package Verification (APV) is approximately 17 percent. However, the percentage of First-Class Package Service parcels that bypass APV is only 5.9 percent. These percentages only apply to APV volume, which covers packages with PC Postage indicia.

As noted in our filing, the largest change as a result of the proposed methodology is the increase to First-Class Package Service reporting (revenue would have increased 4.1 percent and volume would have increased 5.3 percent) and the decrease to Priority Mail reporting (revenue would have decreased 3.4 percent and volume would have decreased 5.1 percent). This gap is mainly due to differences in manual data collection, where any First-Class Mail item weighing one pound or more, or prepared in Priority

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

Mail packaging, is classified as Priority Mail, and NMATS, which reports the First-Class Mail transactional details provided by the mailer. With the recent expansion, APV will capture and adjust over 94 percent of these pieces, more closely aligning the current and proposed methodologies going forward.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

2. For parcels not processed on mail processing equipment outfitted with APV scanning capabilities, please provide the procedures used to identify these parcels and record postage due and other characteristics data for such parcels.

RESPONSE:

APV catches certain instances of postage discrepancies during processing and credits or debits the shippers directly. This allows the Postal Service to rely less on the slower, manual postage-due verification process. In the manual process, mail with a postage discrepancy is either returned to the sender for correction, or delivered to its destination. If delivered, the recipient must pay the postage due.

In cases in which mail is not paid properly, is not detected by APV, and is manually processed for postage due, individual parcel characteristics and additional postage due are not reported to the NMATS source payment system.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

3. Please describe the procedure used to record adjustments to account for shortpaid and overpaid postage for parcels not processed on mail processing equipment outfitted with APV scanning capabilities.

RESPONSE:

If a short-paid mailpiece is detected through manual verification and the mailpiece is delivered, additional postage is collected from the recipient. That postage will be included in the Revenue, Pieces, and Weight (RPW) report as part of the true-up process for miscellaneous revenue in the General Ledger. As such, it is reported with the data for single-piece products and services that are estimated from sampling. Overpaid parcels are not detected and credited outside of the APV system.